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COMMUNITY AND ENVIRONMENTAL
DEVELOPMENT STUDY:
GOVERNMENTAL ROLES AND RESPONSIBILITIES

December 4, 1970

Prepared by the Department of Community Affairs
Leon Charkoudian, Commissioner
For Submission to
Governor Francis W. Sargent and
The General Court

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DEPARTMENT OF COMMUNITY AFFAIRS
100 CAMBRIDGE STREET, BOSTON, MASS. 02202, DECEMBER 4, 1970

Mr. Wallace C. Mills
Clerk of the House of Representatives
State House
Boston, Massachusetts

Dear Mr. Clerk:

Pursuant to Chapter 23B, Section 3, subsections (o) (q) (r) and (s), I hereby submit to you the mandated studies on Housing, Community and Environmental Development, and Building, Housing and Zoning Codes.

Accompanying the reports are appended recommended legislation based on the Department's findings.

As required by the statutes, these studies will be updated on an annual basis.

Sincerely,

LEON CHARKOUDIAN.

Commissioner.

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I. SUMMARY

In the 1968 Legislation which created the Department of Community Affairs, the Governor and General Court, having recognized the desirability of a comprehensive approach to the development needs of the Commonwealth, mandated the new Department to prepare and update biennially a Community and Environmental Development Program.

In its research leading to the preparation of this first report, the Department focused its attention on one central issue: Governmental Institutions: Their Roles and Responsibilities. This approach was based on the conviction that if there is a crisis in our nation, it is a crisis of governmental institutions, both in terms of public confidence and the capacity of these institutions to respond to public needs.

The inability of governments to respond effectively to current demands indicates a need to critically review the roles and responsibilities of government at all levels and proceed with restructuring these institutions to meet the needs of today and the challenges of tomorrow. This approach necessarily involves questioning the manner in which governmental responsibilities have been traditionally distributed. Some tasks that have been assigned to the state might better be undertaken at the regional or local level; conversely, some local responsibilities might be better accomplished by regional or state government. In addition, all new programs should be viewed in the context of explicit principles regarding the allocation of governmental roles and responsibilities. Thus, there is a clear requirement to choose between continuing to channel public resources through faltering institutions and taking a fresh hard look at what changes are necessary in order to create effective mechanisms for community and environmental development.

Major Findings of Study

... The capacity of governmental institutions at all levels is not adequate to respond effectively and flexibly to the pressing needs of their constituents. Much of this problem stems from an unsatisfactory allocation of responsibilities among these levels and dependence upon narrowly drawn categorical programs.

- ... The fact that local political jurisdictions no longer reflect the necessary service boundaries has led to serious difficulties in terms of planning, problem solving, and the delivery of many public services.
- ... There is a lack of statistical information necessary for accurately measuring community and environmental development needs. Despite this, there is sufficient information to indicate that our rapidly growing backlog of needs outstrips available resources.
- ... Knowledge regarding the impact of community development activities upon the natural environment continues to be limited, thus handicapping all participants in the community and environmental development process.
- ... In spite of commendable efforts by many state agencies to utilize advanced planning tools and techniques, a coherent statewide approach to community and environment development has not yet evolved.
- ... Local communities have been reluctant to take advantage of the rather broad provisions of the Home Rule Amendment or the Home Rule Procedures Act. This has retarded the capacities of local institutions in solving matters of purely local concern.
- ... In spite of a general national trend towards increasing inter-local cooperation, Massachusetts communities have generally approached such arrangements with reluctance.
- ... The Federal government, largely because of its superior revenue raising capability, has assumed a dominant role in community and environmental development. Through its use of categorical grants, the Federal government has fostered increased state and local dependency, as well as imposed patterns and approaches to development which do not necessarily reflect state or local needs.
- ... The present statutory debt restrictions on towns, as compared to cities in the Commonwealth has led to serious problems in terms of the ability of larger cities to provide services and capital facilities.
- ... While the existing local aid fund makes the state a partner with each municipality in bearing the costs of the public school system, it is not an equitable sharing of the total costs of

- ... Evolution of popularly elected regional entities with sufficient authority and responsibility to deal effectively with areawide problems, beginning with reorganization of county governments along lines to be recommended to the Governor by the Office of Planning and Program Coordination on or before June 1, 1971.
- ... Establishment by the Commonwealth of uniform administrative districts for the decentralized delivery of state programs and services in a pattern that supports the evolution of popularly elected regional governments.
- ... Assessment of major state assistance programs to determine what changes should be proposed to encourage joint ventures among localities to meet areawide needs.
- ... Amendment of Section 4A of Chapter 40 of Massachusetts laws to include provisions for new types of contractual agreements between localities.

The use of incentives, guarantees, and reimbursements to ensure that statewide growth patterns reflect an equitable allocation of available resources by:

- ... Establishment of a State Community Development Assistance Program to provide municipalities with a portion of the local cash share of federally assisted capital improvement projects.
- ... State progress payments supporting one-half of localities' share of federally aided urban renewal projects instead of the present 20 year payment program.
- ... Establishment of a study committee to investigate problems of municipal fiscal capacity including financing procedures, laws regulating the financing of local capital and statutory debt limitations, new techniques to equalize impact of debt service, the possibility of establishing a Massachusetts Municipal Securities Bank to purchase and consolidate municipal bonds, problems arising from the legal distinction between cities and towns, and the existing classification system of municipalities, particularly the criteria utilized in determining what constitutes a city or town.

The upgrading of staff capability at all levels of government by:

- ... Establishment of a continuing series of institutes, operating through the state educational system, to train local, regional,

and state officials in contemporary methods of public administration.

- ... Development of strengthened technical assistance capacity to local communities by all state agencies.
- ... Establishment of increased opportunities for the training and employment of local residents as para-professionals in community and environmental development.
- ... Promotion of exchanges of technical personnel among federal, state, regional, and local governmental units in specific functional areas with the cost borne by the higher level of government in such exchange.

II. THE CHANGING ENVIRONMENT

If there is one factor common to all modern societies, it is the process of continuous change. The Commonwealth of Massachusetts is no exception. The state has undergone great changes since World War II and will continue to do so with ever increasing speed. Therefore, the Commonwealth must actively seek to anticipate and shape the future through the development of effective institutions for the planning and delivery of programs and services. The alternative, the passive acceptance of uncontrolled change, would soon undermine the fabric of any complex society. The meaning of this choice in terms of community and environmental development is clear. One does not have to be a sophisticated observer to recognize the products of poor planning or inaction. The decline of central cities, the deterioration of environment and the squandering of our open land are only a few examples of the price paid for the inability or unwillingness of the public sector to respond to new demands. Thus, any efforts in community and environmental development must begin by examining the magnitude of needs, not only for future, but also in terms of existing backlog as well.

Population Growth and Trends

Rate of Growth: In terms of meeting demands imposed by the so-called "population explosion," Massachusetts appears to be in a better position than many other states. The Commonwealth is currently growing by 65,000 new people per year which is about 1.1 percent of a total population of 5,626,000. This is significantly below the growth rate being experienced in many other areas, particularly in the western United States.

Yet this fact should not offer an excuse for complacency. The additional 65,000 persons equal a new city the size of Medford every year; by 1980 the state will have added more people than now live in Boston.

In evaluating the impact of the state's relatively lower growth rate, two factors must be kept in mind. The first is that Massachusetts is already one of the most densely populated states in the nation. Its density is twice that of the Northeast seaboard, three

times that of New England, and more than twelve times that of the nation as a whole. This means the state, relatively speaking, has less room in which to expand. Secondly, a greater percentage of the population, about 85 percent, live within metropolitan areas, compared with a national average of approximately 63 percent. These two factors in themselves necessitate that the state plan for a more rational use of limited land resources.

Characteristics: It should not be assumed that future demographic characteristics or locational preferences of the population will resemble the present pattern or preferences. There will be differences and they must be taken into account.

The trend toward a younger population is significant. Most of the increase in the next ten years will come from births rather than a net migration of adults into the state. Children pay no taxes, yet require higher outlays for education and related services; this shift points to an even heavier burden for the costs of facilities and services. At the same time, large numbers of young people — the post-war “baby boom” will reach adulthood and begin searching for jobs and homes.

Meanwhile, the population over 65 will continue to increase at a rapid rate producing a rising demand for elderly housing and related social services.

Location: The distribution of population growth has implications on how adequately community and environmental development needs can be met.

Population growth in the past three decades has occurred largely within metropolitan areas. Already 53 percent of the population lives in the easternmost 17 percent of the state. The most rapid expansion has taken place in the suburbs while central city populations have remained fairly stable or decreased. Compared with the Northeast and the United States, a higher proportion of those living in metropolitan areas in Massachusetts live outside of the central city.

The suburbanization of the population will continue to accelerate because the share of metropolitan jobs in the central cities is declining. Modern industry has been drawn to the suburbs by lower taxes and the need for larger parcels of land for mass assembly production. This trend may translate into higher levels of unemployment in the central cities and an inelastic fiscal base from

which cities must finance services for their relatively poorer populations. While suburban communities undergoing rapid growth bear the tremendous cost of constructing new facilities, existing facilities in central cities, designed for more intensive use, will go under-utilized.

If moderate income residential development for the labor force of these suburbanizing industries and commercial centers is not provided, the state will face the paradoxical problem of high unemployment in some areas and an acute labor shortage in others. On the other hand, providing new community facilities in undeveloped areas may prove more costly than expanding and rehabilitating facilities in older areas.

Contrary to what many assume the state's poor (defined as those families whose income is less than 80 percent of the median of all families in the Northeast) are not wholly concentrated within the central cities. Of those living in metropolitan areas (about 88 percent of the state total), only 54.6 percent live in central cities, while 45.4 percent are to be found in our suburbs.

Nevertheless, a heavily disproportionate percentage of minority groups are still concentrated in the central cities. For various reasons related both to race and income they have not participated in the suburban exodus. However, the last five years have seen a stepped-up out-migration and the Department expects the suburban minority population to grow at an even faster rate in the next years.

Physical Environment

Because of the fact that differences in population, density, and economic base are considerable among communities in Massachusetts, it is futile to try to define "typical" community resource needs arising from population growth. Indeed an understanding of the different functions which various communities serve is fundamental to preparing a community development strategy.

In this regard, the Commonwealth is faced with a two-fold task: the revitalization of older communities and the development of urbanizing areas. At the same time, strong efforts must be made to reclaim and preserve environmental resources. Given the fact that the pursuit of these objectives may produce serious conflicts between preservation and development, the state must take an

active role in development decisions, it being the only institutional level which can ensure that competition among various "interests" does not become mutually destructive.

There are four major types of communities in Massachusetts, all of which, to a certain degree, are undergoing changes in community roles which will determine their future physical needs and the extent to which these needs can be met by local resources.

Rural: Rural areas, characterized by large amounts of undeveloped land and scattered settlements, are typically found in the western and southeastern parts of the state. Although the citizens of such communities tend to generate low demands for facilities and services, their ability to provide for their own needs is nevertheless inadequate.

In fact, poverty is a major problem in rural areas: six out of the eight communities with the highest concentration of poverty are rural. Such communities need major infusions of industry and concentration of residents in order to be able to deliver more than a minimum level of services. However, it must be recognized that these underpopulated areas provide for the important open space and recreational needs of the state's residents, a role which should not be eliminated in the name of economic development.

Small Towns: These are traditional New England towns whose human scale has been so widely admired. While they have been relatively self-sufficient in the past, they now confront categories of problems that seem to defy local solutions. Among these problems are intensive growth, inadequate water supply and waste disposal, higher costs for municipal facilities, and a need for technical and managerial skills, all of these beyond the capability of most local governments to provide. Like many rural areas, small towns have looked increasingly to higher levels of government for solutions to their problems.

Suburbs: Although some suburbs may look physically very much like small towns, and try to think of themselves in those terms, they actually have little in common with small towns. Their populations are much more dependent on nearby cities, frequently to the detriment of local diversity and economic self-sufficiency. Because they have usually combined extraordinarily rapid growth with a high level of expectations, the suburbs have been financially hard pressed to satisfy their social and physical needs.

Central Cities: In the last thirty years the suburbanization of industry and population has had a tremendous impact on the state's central cities. Many, notably Fall River, New Bedford, and Lowell have lost the specialized economic functions which once brought them prosperity. As a result, they suffer from both high unemployment and low appeal for new industrial investment. They are burdened by deteriorating housing and public facilities while facing a static or shrinking tax base from which to finance renewal. While no longer the prime location for industry or its labor force, central cities nevertheless will continue to serve important functions around which to base their revitalization. They will continue to be their region's cultural and business centers, most attractive as places to live for younger persons, downtown office workers, and the elderly who prefer the cultural diversity and convenience which urban life provides. In addition, the neighborhood structure of central cities affords the necessary insulation for closely-knit and strongly defined cultural and ethnic subgroups who may desire to retain life-styles different from the more homogenous "middle-class" suburban norm.

In general then, the factors which determine the nature of the community growth are closely interrelated. Good transportation links and suitable open land make an area attractive for industrial location which, in turn, brings population growth. But a sound development process can operate only where the essential social services and public facilities are provided.

Technological Change

Impact on Environmental Quality: Increasingly during this century, and most markedly in the last decade, we have come to the uncomfortable realization that uncontrolled technological progress has produced some very costly and damaging side-effects. Admittedly, improvements in technology have returned a steady yield of social benefits. They have widened the choices available to consumers and have lowered the cost of products that were once luxuries. The automobile and electricity, for example, have radically improved mobility and comfort. New drugs and medical techniques have lengthened the average lifespan and improved health. New materials such as plastics have transformed man's physical

environment, while new forms of communication have expanded his intellectual world. Meanwhile, technological development has spurred a rapidly expanding economy providing new jobs and higher income enabling the average citizen to purchase the products of the technological revolution.

Technological innovations, in short, have clearly produced a higher standard of living — but many of them have been used so widely as to cause serious damage to the physical and social environment.

In the past, the issues of controlling the side-effects of technology were easily ignored; they no longer can be. So far, almost 80 percent of the state's major rivers are polluted; air pollution is posing a health hazard in every metropolitan area; and offshore fishing and recreation is threatened with destruction by frequent sewage and oil spills. Land for refuse disposal is growing scarce even as the volume of wastes rises yearly. And we continue to discover new threats to life and health — such as DDT and mercury pollution — which had gone undetected for years.

Impact Upon Population: Technology, of course, has social as well as environmental side-effects, especially in employment. Even as new technology has raised living standards and widened choices for the population as a whole, it has also introduced a high degree of specialization into industry and labor. One of the consequences of this specialization is the growing number of jobs which demand a high level of skills as a condition for employment, more general education, more vocational training and more profession preparation. Another consequence of this specialization is the fragmentation of jobs into more and more narrow tasks, limiting opportunities for advancement and mobility.

Regardless of the level of skills involved, the fragmentation and specialization of modern employment leaves large numbers of workers vulnerable to unemployment when the demand for their particular service diminishes. Lacking skills that can be adapted easily to other work, they are able to find new work only with great difficulty — or not at all.

Massachusetts has recently experienced the impact of this paradox within the defense and aerospace industries which employ a large proportion of the state's highly skilled labor force. Reduced

federal expenditures in these areas, dictated by a needed readjustment in national priorities, has produced a severe dislocation not yet balanced by a concurrent expansion of the civilian sector.

Rising Expectations: The rising standard of living produced by technology has at the same time given birth to rising expectations which translate into increased demands upon government to ensure their fulfillment. Behind these expectations lies the assumption that modern governments possess the unique power and resources to correct social inequalities, to absorb the external costs of development, and to ensure continued economic growth. Government, then, is expected to establish even higher minimum standards of living and make meaningful commitments to meet these goals, especially for those of its citizens precluded from reaping the benefits of growth in the private sector.

Resulting Demands Upon Governmental Institutions

Assuming the relative accuracy of the outlined changes, what are the implications in terms of future demand levels and institutional capacity to deal with these problems? To give some indication of the challenge ahead, an analysis of population growth and its implications will provide a graphic illustration of projected requirements.

As noted earlier, Massachusetts is expected to grow approximately one percent each year or roughly 65,000 people. These 65,000 additional persons will generate an annual need of 20,000 new dwelling units; 15,600 more places in primary and secondary schools and 3,000 in college level institutions; and 9 million gallons of water per day. They will also produce 32,500 tons of solid waste per year and 9 million gallons of sewage per day.

In assessing the Commonwealth's ability to meet these additional needs, it must be noted that the state already faces a substantial backlog of unmet needs. A few statistics suggest the magnitude of the problem.

... Schools: 35 percent of the state primary and secondary schools were built over 50 years ago and are considered seriously deficient.

... Housing: Clearly both the private market and the public sector have failed to supply the demand and the recent rate of

production is unlikely to provide the estimated one quarter million units of housing that were seriously deficient according to the 1960 census.

... Sewers: Few cities now have separate storm drain systems to carry rainwater; as a result, the sanitary sewage systems are vulnerable to pollution caused by overflow.

... Other Backlogs: Transportation, health and welfare services, administrative and public safety facilities although these are more difficult to quantify.

The backlog of needs is quite unevenly distributed, so that individual communities are faced with a multitude of demands that far outstrip their resources. For the most part, those communities with the least income, the highest levels of unemployment, the greatest concentration of racial minorities and the least amount of land to offer industry are the ones that face the greatest need for modern facilities. And their inability to provide these facilities and related services in turn reinforces the poverty of their residents and diminishes the community's ability to sustain new growth or change.

The combination of existing deficiencies throughout the state coupled with the growing needs of the future already has begun to impose a staggering burden on all levels of government — and especially on local institutions. This burden has been reflected in steeply rising local taxes during the last few years (despite the fact that this rise in taxes has done little to eliminate the backlog of deficiencies or provide a higher level of services for citizens). Inflation, which is currently adding over ten percent a year to the cost of providing services and facilities, will probably continue to absorb essential state and local resources.

It is, of course, impossible to estimate the amount of money necessary to meet all future community needs, especially in light of the changing character of demands. It need merely be noted that the demands will be massive and increases in state revenue alone will not be sufficient to satisfy them. Therefore, ways must be found to create the greatest possible impact with a given amount of resources. Above all, this will require restructuring government institutions to make them more flexible and responsive to changing needs.

The strength of any institution lies in its ability to provide a service or function which is deemed necessary or desirable by its constituency. In the case of government, the constituency is the entire society. As such, governmental institutions wield pervasive authority in shaping the future. The fact that government alone is mandated to assume certain responsibilities gives it a near monopolistic quality which sometimes insulates it from the marketplace. Thus, whereas private institutions must change or be eclipsed by competitors, governmental institutions frequently escape this type of market pressure and continue to function in their traditional manner, despite the new demands of a changing environment. The preceding catalog of needs, however, indicates that the perpetuation of governmental institutions designed to service the needs of another era can only spell a future filled with crises of major proportions. Change must take place within government if it is to develop the capacity to deal with the enumerated problems of community and environmental development.

III. CURRENT ROLES, RESOURCES, AND RESTRAINTS

In order to understand whether governmental institutions can cope with their future responsibilities in community and environmental development, one must examine their historical evolution and current status. The growth of institutions is not unlike that of the individual: their characteristics and capabilities are based upon a legacy of experience and responses to the surrounding environment. The purpose of this chapter is to examine the roles which governmental levels have played in the past to gain insight into the reasons which impair their ability to function today.

If there is any point which deserves additional emphasis, it is that the governmental responses to demands and challenges have been patterned upon a crisis orientation. Thus, planning has traditionally been remedial rather than anticipatory, and fragmented instead of unified. Given these factors, one cannot reasonably expect that unrelated responses by the many public agencies and institutions can possibly achieve the coordinated effort which is critical to success in addressing large, multi-dimensional problems.

*Historic and Current Roles in Community and
Environmental Development*

Federal Participation: The federal government's major involvement in community and environmental development is a relatively recent phenomenon, dating for the most part from the Depression of the 1930's. Until that time, the federal role reflected a basic policy of limited involvement in state and local affairs. Thus, it took a domestic crisis of major proportions to effect a shift from this generally passive role. Despite this general orientation, it should be noted that the federal government has assisted states and localities from its inception as a nation. The earliest evidence of such assistance came in 1785, when the federal government first provided assistance to states in establishing and maintaining land-grant colleges. In 1862, the concept of categorical grants was established, under which federal assistance was provided to states and local jurisdictions in return for the acceptance of federal standards and goals. Thus, a federal-state relationship was established which continues to the present day.

As noted, only the 1930's with its critical social and economic problems stimulated a federal response which the national government could alone provide. To fill this vacuum, Washington rapidly moved into a new role of positive intervention; with this came a host of policies and programs which have generally set the tone for all federal action since that period. In general terms, the federal government's decision to involve itself at the state and local levels has been restricted to one or more of the following situations:

- ... When the federal government is the only level which can summon the necessary fiscal resources needed for an activity.
- ... When an activity cannot be handled within the geographic or jurisdictional limits of smaller governmental units.
- ... When states fail to respect or protect basic political or civil rights of its citizens.

Federal involvement continued to increase rapidly after World War II as a result of the tremendous backlog of domestic needs created by the Depression and war. While only ten types of grants-in-aid were available prior to 1930, this participation has since mushroomed to more than 35 agencies administering hundreds of domestic aid programs. While the bulk of federal assistance in the late 40's and 50's was generally directed towards the

renewal of the physical environment, the 1960's witnessed a rapid expansion into virtually all areas of contemporary social concern.

It is clear that federal involvement in community and environmental development will continue to grow, if only because of the federal government's highly elastic fiscal capability. What seems less clear however, is whether the categorical grant should remain the primary institutional vehicle for supporting state, regional, and local efforts.

Serious problems of over-centralization, bureaucratic red-tape, inflexibility, and subordinate level dependency have arisen. The fact that the federal government, through its funding pattern, often imposes forms of community development which do not relate to local needs and preferences is a well documented fact. Its promotion of suburban development after World War II through FHA and VA home loans to the exclusion of inner city needs is but one example of this imposition. The inflexible nature of categorical grants has further meant that monies sorely needed in one program area have not been available, while surplus monies lay fallow in another. The inability of the federal bureaucracy to process grant requests promptly has served to seriously undermine the ability of state and local institutions to plan for community and environmental development in a coherent manner. Finally, the federal use of categorical grants, instead of stimulating innovation at the state and local levels, has often fostered an institutional dependency on funds which frequently bears little relationship to the nature of an area's problems. Vested interests in various categorical grant areas develop at the state and local levels and perpetuate their bureaucratic existence in a self-serving manner. Because of these many liabilities, it appears that major changes must be effected in the federal role *vis-a-vis* the state and local community and environmental development process.

State Leadership: Generally speaking, Massachusetts, in comparison to other states, has been quite responsive to issues of community and environmental development. In terms of exercising its police powers, the Commonwealth has been involved from the beginning. Construction of buildings has been regulated since the colonial period; health regulations were promulgated as early as 1797; and, zoning and subdivision powers were extended to the

municipalities in 1920 and 1936, respectively. The recent low-income housing appeal act, designed to increase housing opportunity for all socio-economic groups, is a more recent manifestation of state concern in the area of community and environmental development. 1968 legislation prohibiting development of "wetlands" reflects still another state action to maintain the quality of the natural environment.

Specific actions of the state are summarized below:

Areawide Problem Solving: In its attempt to deal with community problems on an areawide basis, the Commonwealth has time and again created special purpose authorities; each, however, has been limited to one or a few specific functions.

In 1889, the Metropolitan Sewage Commission was established to deal with the increasing pollution of the Charles River; in 1893, the Metropolitan Park Commission was formed having, by 1902, jurisdiction over at least 15,000 acres, including thirty miles of river frontage and twenty-two miles of parkway rights of way. In 1919, these two agencies along with the Metropolitan Water Commission (established in 1859) were incorporated into the Metropolitan District Commission. In the area of rapid transit, the Public Control Act of 1918 created a fourteen community district to subsidize service by the Boston Elevated Railway Company, to be later superseded by the Massachusetts Bay Transportation Authority (1964). In terms of areawide planning, the General Court established the Metropolitan Area Planning Council in 1963, today servicing 100 communities in the greater Boston area, to lay plans for dealing with problems which cut across municipal boundaries and require multi-jurisdictional solutions.

The Commonwealth has also authorized regional institutions in other parts of the state including transportation areas, regional planning districts, regional school districts, and regional health districts. Some of the regional districts outside the greater Boston area have been created by special acts, others by local initiative under general enabling legislation. The Legislature also has authorized intergovernmental service contracts among cities, towns, and districts.

Physical Development: State involvement in housing extends back to 1911 with the creation of the Homestead Commission which was directed to prepare plans and recommendations for

legislation to assist low income groups in acquiring housing. When the courts held the use of public funds for private housing unconstitutional, the Commission was terminated and its duties were transferred to the State Department of Public Welfare. The first major public housing program was launched in 1948. Its purposes were to construct and manage housing for veterans by authorizing the state to guarantee local housing bonds and to provide an annual state contribution towards principal and interest on the debt. Under this program, over 15,000 units of housing were constructed. The state-aided housing program for the elderly was initiated in 1953 and to date has produced over 10,000 units.

In another response to the housing problem, the state authorized the Massachusetts Housing Finance Agency, established in 1968 as an independent state agency within the Department of Community Affairs, to finance up to one-half billion dollars for the rehabilitation and construction of housing (a minimum of 25 percent of the units to be earmarked for low and moderate income families).

Urban Redevelopment: In the field of urban redevelopment, the Commonwealth authorized local housing authorities to engage in land assembly and redevelopment projects (1946). In 1952, the state passed a general law authorizing communities (except Boston) to create separate urban development authorities to carry out projects and programs; Boston was later empowered to establish its own redevelopment authority (1957). In 1960, state aid for federal redevelopment projects was authorized (\$30 million, later raised to \$70 million). State assistance for non-federally assisted commercial and industrial redevelopment was authorized in 1960 and extended to residential redevelopment in 1968 (\$25 million, later increased to \$40 million in 1964). In the former case (federal redevelopment), the state contributes one-half of the locality's share in equal payments over a twenty-year period. In the latter case, the Commonwealth advances money for planning and pays one-half the project cost in twenty payments over a twenty-year period.

Thus, a strong case can be made that the Commonwealth has responded more positively than most states to the problems of community and environmental development. Despite these efforts, however, the Commonwealth has traditionally suffered from the absence of a well coordinated effort in this area. Most institutions and programs have been created in piecemeal fashion with little

reference to the complex relationship of community problems. As a result, policies and programs have continued to develop and operate in a policy vacuum, each agency acting in terms of what it perceives to be the priority areas to be addressed. For many years, this fragmented approach has limped along in the face of continuing community and environmental crises. Now, however, it is becoming painfully clear that unless there is a major effort to reconstitute the Commonwealth's institutional planning and delivery capability, the state will soon be overwhelmed by the magnitude of problems and service demands.

The Governor and General Court, aware of this rapidly approaching crisis, have taken action to modernize state government through the consolidation of state agencies into functional areas, each the responsibility of a cabinet level secretary. This should increase the capability of the state to plan and deliver programs and services that directly impinge upon community and environmental development. Modernization, coupled with the establishment of the Department of Community Affairs in 1968, provides solid evidence that the Commonwealth is strongly committed to enhancing the ability of state government to cope with its present and future community and environmental development problems. What this study hopes to provide is a series of recommendations to reinforce progress in this direction by pointing to new institutional efforts and arrangements which can be utilized to support the state's commitment to improved community and environmental development.

Regionalism: Regionalism first emerged in Massachusetts in 1643 when the Legislature created four counties on the English model (Essex, Middlesex, Suffolk, and the "Old Norfolk" County). Until 1800, the counties were primarily concerned with administration of courts, maintenance of jails, and recording of legal instruments. After 1800, a number of other responsibilities were added, including control of health nuisances, establishment of parks, and several other minor functions. In the twentieth century, nine more functional responsibilities were assigned to the counties by the state legislature: (1) agricultural responsibilities, (2) hospitals, (3) public health services, (4) training schools for police officers, (5) public safety services, (6) county airports, (7) group insurance programs for county and local government, (8) retirement systems

for county and municipal employees, (9) various planning and development activities.

(The establishment by the state of numerous regional problem solving institutions throughout the nineteenth and twentieth centuries has already been cited and further indicates the concern for developing viable regional institutions.)

State government has provided a firm constitutional basis for establishing regional entities. As of December 1969, the General Court had authorized the formation of four types of educational districts, five types of health and social service districts, nine types of public works and utility districts, and five types of protective and other districts. The formation of over 300 different districts have resulted from action taken by the General Court.

Thus, there currently exist two types of regional organization: (1) the counties possessing only limited authority and institutional capacity, and (2) the newer regional planning or administrative entities which either remain advisory in nature or are empowered only in specific functional areas. The fact that contemporary community and environmental development issues require areawide solutions indicates that one or more of the above institutions must be empowered to play an increasingly significant role in responding to the problems and demands.

Local: Municipal governments in Massachusetts are the evolved product of over three centuries of citizen involvement and participation in local affairs. Originally no provision was made for the administration and organization of town governments, probably since the Massachusetts Bay Company did not envision the immediate need for the decentralization of decision making through a system of smaller sub-units. Nonetheless, as settlements began to spring up around the perimeter of the already built-up areas and become organized as a church-attending group, they also tended to gather together to discuss and decide upon the prudential affairs of the community. In a very real sense it was the unity of church and state which made possible the emergence of town government in the seventeenth century and it was that ethical unity that sustained it for nearly three centuries. Within time, however, the facility of an unstructured, volunteer government gave way under the pressures of an expanding state government, an emerging federal government, and simply the weight of local and intergovernmental

complexities. In response to these pressures, an elected officialdom, executive in character, began to emerge and function, counter-balanced by a legislative arm — the “Town Meeting” — which reserved to itself the right to “meet, deliberate, act and vote on all matters” relating to the affairs of the community, including the methods by which the landowners would generate the financial support necessary for the provision of approved services.

When one considers the rate of change in society during the last one hundred and fifty years and the complexities which such change has generated, one must question a situation which permits 351 cities and towns to continue to make legislative decisions on all matters relating to the community in the same manner as their most distant predecessors in 1630. Critics of local government point to the open town meetings as a classic example of a traditional form having outlived its usefulness yet allowed to continue in the face of a growing crisis at the municipal level. Proponents of the system point to its “pure democracy” with an opportunity for all citizens to participate in the general policy decisions which shape their lives. This conflict in opinion will certainly not be resolved within the next decade, nor is general agreement necessarily to be encouraged, given the number of rural and small towns which are proof of the ability of the open town meeting to function effectively. However, many communities with populations in excess of 15,000 often are thwarted in their general development policy goals by open town meetings often heavily attended by opponents to change.

A compromise between the city council and the town meeting open to all citizens was advanced in the early twentieth century. The representative town meeting is the form of the local legislature in forty-four Massachusetts towns. Delegates are elected to sit and decide on all matters representing the interests of all citizens in their district. Although the size of some representative bodies has inhibited rather than encouraged intelligent deliberation and decision making, the system has generally served the interests of those towns which have adopted it. It is interesting to note that in spite of the enabling legislation (Chapter 43A) created for those towns who seek to adopt a representative town meeting, all but two Massachusetts towns have preferred to tailor the town meeting, through special legislation, to specific local conditions.

There are thirty-nine cities in Massachusetts ranging in size from Boston (the first city chartered in 1822) with over 600,000 to Newburyport with less than 16,000. Only eighteen of the cities operate under the optional city charter forms provided by the General Laws with the remaining majority having chosen to frame "special charters" consistent with local options.

While the trend in larger towns has not been toward the adoption of a city form, there have been at least two towns in the last half century which have attempted to become cities. Citizens in Taunton, on two separate occasions, sought to change to city form only to be defeated (once on a technicality); the Southbridge Charter Commission in 1970 submitted a home rule city charter to the voters which was narrowly defeated. This most recent effort may encourage other towns to propose city charters through the powers granted under the Home Rule Amendment.

A discussion of the historical development of cities and towns in Massachusetts is essential to any understanding of the roles of local government in community and environmental development. The variety in the forms of municipal organization — a variety which can only increase through the preparation by citizens groups of new home rule charters — makes it extremely difficult to suggest a specific format regarding roles for cities and towns in a comprehensive intergovernmental system for community and environmental development. What one town may be capable of doing, another may not; the same judgment applies to cities. Decisions about future roles must therefore be predicated upon some more rational premise than simply whether the local government is called a "city" or "town."

What is equally clear is the fact that many local governments have reached or surpassed the critical point in terms of capacity to generate the resources necessary to provide a level of services consistent with the minimal expectations of its citizens.

Nor can municipalities reasonably expect to look to the state and federal government for other than the normal increases in transfer payments without a complete restructuring of the existing revenue policy by both the General Court of Massachusetts and the Congress of the United States. In terms of its capacity to commit resources to service-delivery, most local governments find themselves in the position of reliance upon outside sources for funds.

This increasing scarcity of resources available to both the state and federal governments must inevitably force a re-thinking of the levels at which services should be provided. Government, for example, can no longer afford to subsidize hundreds of separate refuse collection and disposal systems, nor can the federal government allow the perpetuation of individual welfare programs in the 50 states. The distribution of service-oriented functions among the various levels of government must be concurrent with any decision making resource reallocation.

*Institutional Capacity to Plan and Deliver
Programs and Services*

The strength of any governmental institution lies in its ability to effectively plan and deliver public programs and services. Implicit in this statement is the recognition that the institutional structure and vehicles for accomplishing these tasks assume critical significance. Without adequate mechanisms for planning, decision making, delivery, and coordination, governmental institutions will inevitably carry out their tasks in haphazard fashion.

The present arrangement of governmental responsibilities has been only marginally successful in coping with the planning and delivery of programs and services. As noted earlier, since the 1930's, literally hundreds of federal programs to cure a wide variety of ills have been established. These include programs for slum clearance, suburban development, highway construction, and the financing of better schools. Federal aid to states and their communities in fiscal 1971 will total 27.6 billion, 3.5 billion more than 1970 and four times the 1960 amount. But experience has demonstrated that money alone is not the solution. Until these resources are properly utilized, their impact will be severely limited. The fact that the categorical grant-in-aid system has been so rigidly designed has contributed heavily to disjointed planning and delivery efforts at the state and local levels. No one person, or for that matter no one agency at the state or local level can be expected to assess and keep track of the overwhelming number of programmatic resources which are available, let alone how they can be coordinated. In addition, the categorical grant approach has encouraged the state and local level to view problems in a programmatic rather than comprehensive planning sense. Thus, only those

than 80 programs which require planning as a condition for receiving Federal aid. Appropriation requests for fiscal 1970 under these programs amounted to almost \$17 billion. In fiscal 1969, over 40,000 applications for aid under these programs were processed with more than 33,000 receiving approval. With respect to planning assistance grants, 36 separate grant programs have been identified with a total level of funding for fiscal 1969 in excess of \$250 million. The 21 major programs dispensed a total of over 1800 grants.

Federal initiatives in the encouragement of state and areawide planning has had many salutary effects. The first major stimulus to comprehensive planning at all levels came from the 701 program of the Housing Act of 1954; the more recent "Comprehensive" Health Planning program is an excellent example of federally-sponsored functional planning at the state level. Furthermore, to facilitate the coordination of intergovernmental programs, the Federal government last year established common regional boundaries and regional office locations for five major departments. Thus, federal grant programs are now coordinating the review of their grant applications through general purpose "clearinghouses" established at both the state and regional levels under the Inter-governmental Cooperation Act of 1968 and the subsequent Bureau of Budget memorandum No. A-95. Efforts to reduce processing time for grant-in-aid applications in half by certain federal agencies represents still another step towards the development of a stronger planning and delivery capability.

State Capacity to Plan and Deliver

The Office of Planning and Program Coordination in the Executive Office for Administration and Finance is charged with the responsibility of state-wide comprehensive planning and policy integration. It is also the principal source of contact between the state and other governmental planning efforts such as the interstate New England Regional Commission. Departmental planning is carried out by individual agencies in their respective functional areas; their planning capacities, however, are severely limited, given the fact that only two major agencies (out of eleven) have identifiable planning units.

The 1969 legislation which mandated the reorganization of hundreds of state agencies into nine functional areas (later enlarged to ten) under a cabinet system of government represents a significant state attempt to restructure its ability to respond to the challenges ahead. The second phase of this reorganization, an analysis of each new secretariat in terms of its organization, management, and effectiveness in carrying out assigned responsibilities, will produce a set of legislative proposals which, when passed, will provide each secretariat with the structure and capacity to perform its functions in an optimal manner. This, together with the introduction of the Program Management System, is expected to substantially improve the capacity of state government to respond to problems of community and environmental development.

In terms of functional planning which presently cuts across agency lines, it is expected that the new cabinet agencies will assume the functional planning responsibilities now exercised by OPPC. Coordination among related functional areas and programs also is being addressed. Review and clearance procedures are being utilized to provide the Governor with a means of controlling certain agency transactions with federal organizations that may have consequences for other state agencies (Bureau of Budget Circular A-95). OPPC's development of a capital budget system will allow the Governor still another way of registering his policy preferences while also improving the quality of agency decisions.

At this point in time, the above steps are, for the most part, yet to be implemented. Until they are fully operational (and successful), planning at the state level will continue to suffer from many of the same weaknesses that have plagued the federal level. Thus, one must characterize state planning at this point as still fragmented and lacking a coherent frame of reference. Comprehensive statewide planning is almost nonexistent while functional statewide planning is limited and bears little relationship to other related efforts. That this situation must change appears a certainty; how rapidly and how effective the new structure will prove remains the critical question.

Regional Capacity to Plan and Deliver

As noted in the historical perspective, county government, as

currently organized, is incapable of effectively responding to problems in community and environmental development. To quote one of the sponsors of the 1970 county reform bill,

“... The Massachusetts county in 1969 is still a very weak county whose income is regulated by the legislature and whose local government functions are primarily of a staff or service nature. It is administered by 157 elected officials most of whom are unknown by the overwhelming majority of their constituents in the present fourteen counties. The duties of these officials and the functions of county government fail to touch most of our citizens. A county is no longer a viable meaningful entity to many in Massachusetts.”

Because of their highly circumscribed responsibilities, limited primarily to the courts and correctional institutions, the counties never developed strong planning or delivery systems. Thus, the county has long suffered from an absence of institutional capacity in terms of structure, organization and general experience in dealing with complex regional problems.

Newer regional entities, on the other hand, have developed highly effective systems but usually with only one or two functional areas. The fact that they lack the authority and broad functional jurisdiction of general purpose governments makes their utility as broad planning and delivery vehicles limited. Furthermore, the absence of a democratic process whereby the leaders of these entities would be elected serves to undermine any claim for greater powers. The fact that these functional entities have successfully implemented regional efforts, however, gives them a degree of credibility which does not always exist at the county government level.

Specific changes to assist county governments and other existing regional entities in becoming more efficient and responsible are being drafted by the Office of Planning and Program Coordination with assistance from the Department of Community Affairs under an Executive Order from the Governor requesting a general plan for Regionalization of the Commonwealth by June 1, 1971.

Local Capacity to Plan and Deliver

To many analysts, local government in Massachusetts has be-

come an anachronism clinging to eighteenth and nineteenth century institutional structures while the environment with which it attempts to deal continues rapidly to change and to reshape itself in the absence of any local policy decisions to control it. As the demand for services increases, the cost of government increases, the local property tax rate increases; and finally as taxes increase, disgruntled citizens demand still greater services in order to get "their money's worth". Caught in the middle of this cycle is the institution of local government, unequipped to respond to the scale of the problems with which it is confronted.

The fact that municipalities have evolved as creatures of the state government had had a profound effect upon the ability of cities and towns to engage in community or environmental development efforts since they have been dependent upon state government for securing the necessary legal authority to act. The adoption of the state constitution in 1780 established strong central control over municipalities; subsequent court decisions disposed of all local claims to inherent local rights. Historically, the state constitution was narrowly interpreted, allowing local governments only those powers (1) expressly granted by statute or (2) necessarily implied by statute. This narrow construction forced communities to secure special or general legislation granting added authority to cope with new problems. While the Legislature enacted General Laws subject to local acceptance to assist the communities (i.e., standard plan for representative town meeting government, six standard types of city charters, etc.), the limitations, particularly in regard to local revenue powers, have traditionally impaired the ability of local governments to respond to needs.

In 1966 the people and the General Court of Massachusetts recognizing the increasing inability of local government to deal with the complex problems of twentieth century society, ratified the constitutional grant of home rule power to the cities and towns of the Commonwealth. Under home rule, municipalities have the opportunity to act either through the passage of by-laws and ordinances or by the adoption, amendment or revision of a home rule "charter". The latter approach provides an opportunity for a nine-member elected commission to propose new and improved institutional structures for the effective management and administration of government at the local level.

In spite of this new power, the concept has been slow to catch on. Local officials have been reluctant to operate under the rather broad and untested provisions of either the Amendment itself (Article LXXXIX) or the Home Rule Procedures Act (Chapter 43B of the Massachusetts General Laws), preferring instead the more time consuming yet safer alternative of seeking special legislation from the General Court to authorize them to accomplish their purpose. This course of action has resulted in the continued incapacity of these municipalities to control their own destinies through local action on matters purely local in character.

There have been, however, noteworthy exceptions to the generally conservative approach to modernization of local government. Twenty-four communities (3 cities and 21 towns) have elected commissions to frame a new municipal "home rule charter" and all indications point to a steady increase in this number with all but the larger cities and the smaller towns taking advantage within the next fifteen years of the opportunities offered under the amendment.

The immediate question which must be raised is whether municipalities can continue to survive, given a general increase in both kind and degree of the problems which they must face during this period. If time proves the answer to be negative, it will be the responsibility of both the executive and legislative branches of state government to encourage, actively support and, perhaps, finance the reorganization of local government. For the real significance of the Home Rule Amendment lies not so much in the fact that it confers a power upon municipalities but rather that the Legislature itself has recognized the need for raising local governments to the status of full partners in the area of inter-governmental relations. No longer should cities and towns be seen merely as "creatures of the Legislature" existing through the tolerant paternalism of a Great and General Court. Municipalities have been given the authority and the initial encouragement to make themselves strong and active participants in the process of government. On the one hand, they must take advantage of this power; on the other hand, the Legislature must find new and better ways to strengthen local government and thus continue to reinforce the general intention made manifest through the Home Rule Amendment.

Fiscal Capacity

The American tax structure has undergone a major shift during this century. Whereas in 1913, almost 60 per cent of taxes collected at all governmental levels were property based, by 1966, personal income taxes had largely replaced the primacy of property taxes, accounting for a similar percentage of total taxes collected. The control by the federal government of the income tax, however, has resulted in federal dominance of revenue raising capability in this country. As a consequence, subordinate levels of government have been forced to rely on less elastic revenue sources and are increasingly hard pressed to support their program responsibilities in an adequate manner.

Federal

Events of the twentieth century have largely determined the preeminence of the federal government in the use of the income tax. World War I, the Depression, and World War II all combined to create national tax crises which established the political consensus necessary for increased federal income taxation. The net result has been federal assumption of that revenue source which is most responsive to changes in the economy. Income tax collections rise automatically whenever the gross national product increases. Thus, with an unparalleled growth in the economy, the automatic growth characteristics of the personal income tax has endowed the federal government with an institutional structure possessing strong fiscal capacity compared to state and local government.

State and Local

The Commonwealth of Massachusetts relies heavily upon several sources of taxation, the most prominent being a personal income tax, a general sales tax, and various business taxes. Local governments, on the other hand, rely exclusively upon property taxation, which accounts for practically all municipal revenues collected in the Commonwealth.

Because the Commonwealth and its localities have been precluded from making intensive use of the personal income tax, they have been forced to continually devise new tax sources in order to keep revenue yields abreast of steadily rising budget requirements.

While state and local budgets across the nation have been increasing at an annual rate of about 8 percent, the natural or automatic growth in their revenues has been less than 4 percent. As a result, during the period 1959-1967, most states were forced to institute or increase various major taxes in order to maintain the balance between expenditures and revenue.

Major sources of combined state and local revenue in Massachusetts Fiscal Year 1970 were as follows:

Property Tax	44.7 percent
Income tax	18.0 percent
Consumption taxes	15.9 percent
Business taxes	9.7 percent

State

In Fiscal Year 1969, the state government collected approximately \$1,826 billion in revenues from the sources indicated in Chart A. During the same period, the state spent approximately \$1,874 billion (See Chart B).

From 1960-69, state revenues increased by 207 percent (from \$595.6 million to \$1,826 billion). State expenditures rose only 187 percent in the same period (from \$653.5 million to \$1,874.2 billion). This comparison, however, does not indicate the magnitude of the state fiscal problem and how the federal government has intervened to bridge the fiscal gap. Federal assistance to state government (1960-69) rose by 438% (83.3 to \$448.0 million). Only in this manner was the state able to fulfill its obligation to its citizens. Had this federal redistribution not been forthcoming, the state would have been faced with either (1) cutting back its services, (2) further raising its already high taxes or (3) incurring serious debt.

Local

As noted, the problem for municipalities has become especially acute since they depend largely on the property tax as their revenue base. Use of the property tax originally related to two concepts:

The following charts and revenue data are taken from the *Massachusetts Financial Report* for the Fiscal Year Ended June 30, 1969, published by the Comptroller's Division of the Executive Office for Administration and Finance.

CHART A
HOW THE STATE REVENUE WAS OBTAINED
(Including Bond Issues)
FISCAL YEAR ENDED JUNE 30, 1969
\$1,825,655,044

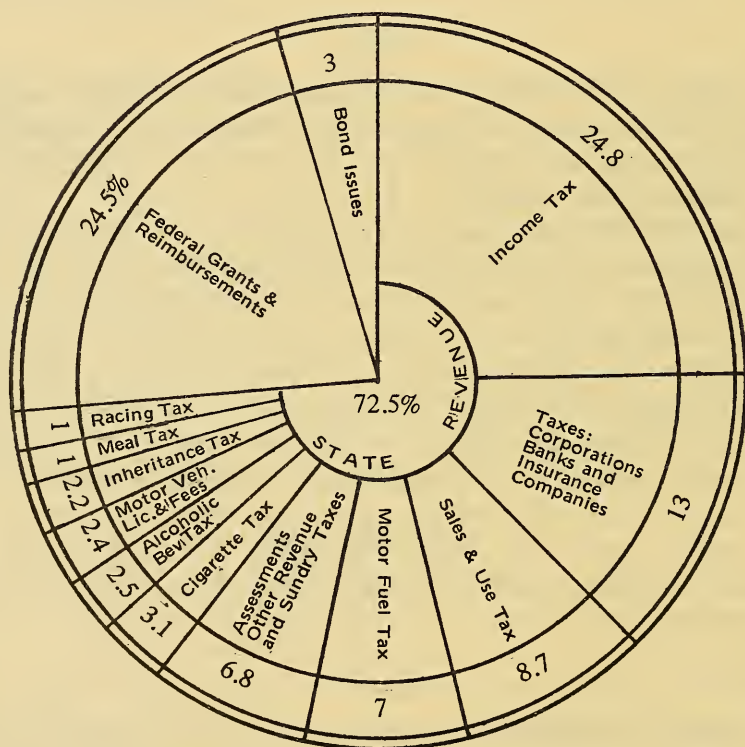
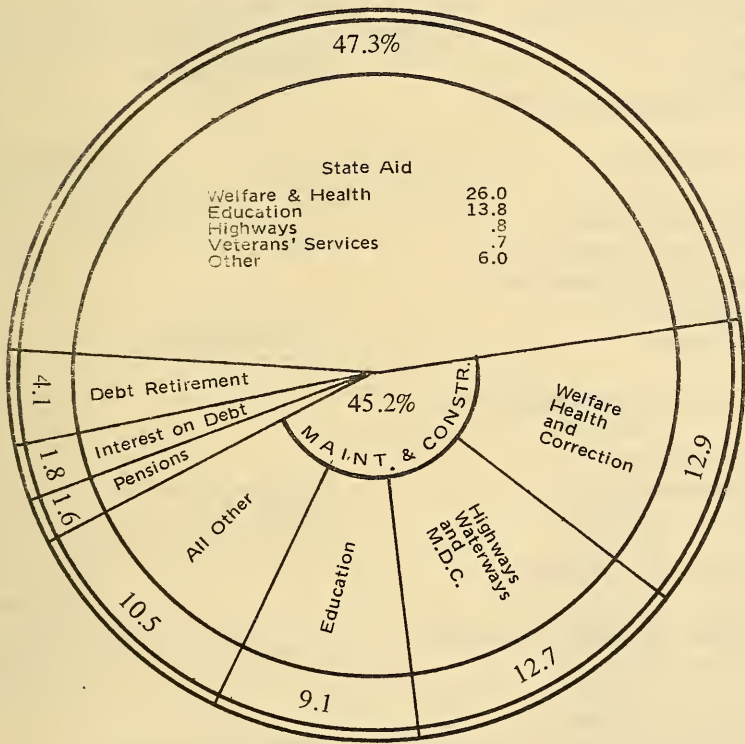


CHART B
DIRECT EXPENDITURES – STATE FUNDS
(Including Debt Retirement)
FISCAL YEAR ENDED JUNE 30, 1969
\$1,874,245,679



HOW THE STATE REVENUE WAS OBTAINED

Fiscal Year Ended June 30, 1969

Taxes:

Income	\$452 568 205 42
Corporations, banks and insurance companies	236 841 215 95
Sales and use	158 275 572 88
Motor fuel	127 443 633 20
Cigarette	56 205 603 59
Alcoholic beverages	45 687 406 06
Inheritance and estate	40 298 521 47
Meal	19 051 046 65
Racing	18 814 082 69
Room occupancy and other	9 672 378 74

Total Taxes	\$1 164 857 666 65
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Departmental Revenue:

Fees, licenses, rents, sales, etc.	78 032 840 74
Motor vehicle licenses and registrations	43 239 591 87
Assessments	36 613 681 28

Total Departmental Revenue	157 886 113 89
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Federal Receipts:

Reimbursements	391 048 978 79
Grants	128 937 284 52

Total Federal Receipts	447 986 263 31
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Total, exclusive of Bond and Note Issues	1 770 730 043 85
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Bond and Note Issues:

Capital outlay, highways and other	47 750 000 00
Metropolitan District Commission	7 175 000 00

Total Bond and Note Issues	54 925 000 00
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Total Receipts	\$1 825 655 043 85
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DIRECT EXPENDITURES — STATE FUNDS

Fiscal Year Ended June 30, 1969

State Aid to Cities and Towns:		
Welfare and health	\$485 926 135 76	
Education	258 785 623 05	
Highway purposes	14 801 099 34	
Veterans' services	13 704 880 00	
Other distributions and miscellaneous	<u>113 219 117 66</u>	\$ 886 436 885 81
Welfare, Health and Correction:		
Administration, construction & other expenses — Department of Mental Health, Public Health, Public Welfare & Correction; institutions & facilities — maintenance, construction & improvements (Mental Health 23, Public Health 7, Correction 6)		
		241 226 485 48
Highways, Waterways and Metropolitan District Activities:		
Department of Public Works — Administration, highway maintenance & construction, registry of motor vehicle expenses, mass transportation & sundry waterway activities; Metropolitan District Commission — Administration, parks, sewerage and water		
		237 510 479 39
Education:		
Department of Education — Administration, construction & other expenses; educational institutions & facilities (State Colleges 9, Technological Institutes 2, University of Massachusetts, Massachusetts College of Art, Regional Community Colleges 13, Massachusetts Maritime Academy, Division of Youth Service 10)		
		170 755 928 46
Interest on Debt		33 796 581 18
Pensions:		
State employees, justices and sundry others		31 392 055 58
All Other:		
Executive	61 163 364 84	
Employment Security	30 456 356 83	
Veterans' Services:		
Soldiers' Homes 2 & other	7 731 611 55	
Bonus payments	18 324 506 10	
Agriculture and Natural Resources	15 583 360 49	
Banking and Insurance, Corporations and Taxation	14 614 672 09	
Public Safety	10 663 435 99	
Government Center	9 751 916 92	
Legislative (General Court)	8 341 239 23	
Labor and Industries, Commerce and Development	8 146 445 07	
Judiciary	7 804 091 55	
Community Affairs	2 169 821 03	
Other	<u>1 242 470 93</u>	195 993 292 62
Total, exclusive of Debt Retirement		1 797 111 678 52
Debt Retirement		<u>77 134 000 00</u>
Total Expenditures		<u>\$1 874 245 678 52</u>

...Historically, real estate was a direct measure of wealth. Thus each property taxpayer would contribute on the basis of his wealth.

...Even though a given jurisdiction might support a considerable number of disadvantaged citizens, major property taxpayers would make up the deficit, i.e., the concept of averaging.

Today, the above principles are no longer valid. First, ownership of real estate is no longer an accurate measure of wealth. Elderly persons, for example, may own their home yet have limited income. Secondly, the proliferation of political jurisdictions coupled with improved transportation technology has produced significant distortions whereby taxpayers reside and are taxed in one community, while heavily utilizing the services of another jurisdiction where they may be employed. The above inequities together with rising local expenditures have generated demands which are beyond the capacity of many local governments. In response to this fiscal crisis, certain communities, notably Boston, have attempted to secure legislative approval for a payroll tax.

The tax burden upon municipalities varies greatly. To cite the October 1970 report of the Master Tax Plan Commission, some communities have four and five times the tax capacity of other communities. Stated in another way, certain communities, because of limited tax bases, are required to impose tax rates four or five times as great as others in order to provide the same level of services. The problem is further aggravated by the fact that the local property tax is a residual tax, one which is utilized to meet all local revenue needs not otherwise met. As such, it rises annually to the extent that local revenue sources, including state aid, fail to keep pace with increased expenditures.

The state's local aid fund was established in 1966 to make the state a partner with each municipality in bearing the costs of the public school system, and to equalize educational opportunity throughout the Commonwealth. The formula for distribution of this aid offsets some of the disparities in the burden of the local real estate tax described above.

At the same time, however, the state deducted from each municipality's share of the local aid fund a proportion of the costs of such state controlled operations as county government and the regional transportation system (MBTA), the latter for the Boston

Metropolitan Area. These deductions were calculated according to use of the regional level services by the population without any regard to the existing tax burden of the municipality.

The various categorical aid programs of the state provide some sharing of community development costs but are normally calculated as a uniform percentage of local expenditures without regard to fiscal capacity. Furthermore, whether municipalities take advantage of this assistance depends upon the initiative and ability of the local government's personnel in organizing the proposals to the state and the degree to which local support can be mobilized — resources which are lacking in many of the most needy cities and towns.

Of the total state budget in Fiscal year 1969, some 47.3 percent of state expenditures went into state aid to cities and towns in the following proportions of total state expenditures:

Welfare and Health	26.0 percent
Education	13.8 percent
Highways	.8 percent
Veterans services	.7 percent
"Other"	6.0 percent

The Commonwealth has recently made two significant efforts to relieve the burden of the property tax and to equalize the efforts of local government. The adoption of the sales tax in 1966 and the distribution of much of the revenue through the local aid fund has helped to some degree. The recent state assumption of the burden for the local share of welfare costs is a second significant attempt to spread the financial burden more equitably; however in reality, this state action has not ameliorated the problem. State distribution (the local aid fund) decreased from \$282.9 million in 1967 to \$239.2 million in 1969. The abolition of the local aid fund and the establishment of a minimum floor of \$239.6 million by the General Court in 1969 has merely arrested the decline in monies available through state distributions.

As the Master Tax Plan Commission has noted, the Commonwealth has limited its cities and towns to the real and personal property tax. The significant increase in total state aid to municipalities (from \$175.6 million in 1960 to \$886.4 million in 1969) thus becomes misleading in that the state assumption of local

welfare cost has shifted a significant amount of money out of local aid, money which was formerly used to decrease the impact of the local property tax.

Bond Issues

Fiscal pressures upon the state and local institutions have also led to an increased use of bond issues. Until recently, large single-purpose bond issues of over \$100 million were used exclusively to finance highways. But in the last two or three years bonds have been authorized in large amounts for an increasing variety of purposes. These include \$217 million for construction of state colleges, \$250 million for pollution control, and the possibility of \$300 million to the MBTA for mass transit. The argument for using bonds for these projects has been both the size of the capital outlay and the duration of the benefits, which suggests a need to spread costs out over several years. At the same time, however, it should be noted that the state has assumed a commitment to pay principal and interest costs over a long period of time.

The increasing tendency to finance expenditures through bond issues is not limited to projects that require such high capital outlays. Issues of \$10 to \$20 million have repeatedly been authorized for such purposes as incinerators, skating rinks, and swimming pools.

To conclude this fiscal analysis, the post World War II decades have witnessed an unparalleled increase in demands upon the public sector, a trend that gives no indication of abating. Ironically, those institutional levels which have most directly experienced these new demands, i.e., the state and local levels, are not nearly as well equipped fiscally to cope with the crisis as the federal government. That some far reaching changes in the federal-state-local fiscal relationship are necessary is uncontestable. What shape these changes should take is a matter which requires extensive exploration and can only be partly addressed by the recommendations of this study.

Summary

The preceding section has focused upon the ability of governments at all levels to respond to needs. In doing this, it has continually addressed itself to the critical issue of institutional

capacity: the organization, structure, and allocation of authority/responsibility among the various governmental actors. At this point, at least two major findings should be evident: one, that the problems of governmental capacity are becoming more acute in the face of burgeoning demands; and, secondly, that unless there are immediate efforts to restructure this allocation of authority and responsibility, the crisis will inevitably worsen. In terms of the state, regional, and local levels, the Department finds a clear mismatch of institutional capacity and responsibility for problem solving. In particular, issues which no longer respect local boundaries continue to defy solution by the existing governmental structure. Municipalities lack the jurisdictional authority to act effectively; existing regional entities, on the other hand, may embrace sufficient areas, but are totally lacking in authority and capacity to address these pressing problems. The question of modifying roles, authority, and responsibilities is a difficult one yet can no longer be avoided. A vacuum exists and unless it is filled through positive state, regional, and local action, these governmental levels will find themselves increasingly paralyzed in their efforts. The inevitable result of such paralysis will be even greater federal involvement in development at the regional and local levels. While the involvement of the federal level is welcomed in terms of fiscal and technical assistance, the actual planning and implementation of responses must emanate from state, regional, and local governments if they are to reestablish their positions as viable units for community and environmental development. An abdication of responsibility by these lower levels would have unfortunate implications for, unless problem solving can be handled at these levels, one must question their future role as active partners in the development process.

IV. THE RESPONSE TO THE CHALLENGE: RECOMMENDATIONS FOR FUTURE GOVERNMENTAL ROLES AND RESPONSIBILITIES

Most of our serious problems today cross over the traditional community boundaries and cut through functionally precise definitions of responsibility to involve large areas and many units and levels of government.

Responsibilities for guiding growth and meeting urban challenges

and protecting our environment are presently fragmented and uncoordinated. New dimensions of public responsibility demand the development of new institutional arrangements in order to get the job done.

The preceding chapter should make it clear that the existing arrangement of governmental responsibility is inadequate in dealing with present community and environmental development issues, let alone the rapidly increasing demands which will be generated in the next several decades. The problem of effective planning, decision making, and program delivery cannot be dismissed as a lack of authority or resources; indeed, when taken in its totality, the public sector possesses sufficient authority and resources to meet virtually any challenge. Rather, the problem lies in how these developmental tools are presently distributed. It is no longer possible to ignore the fact that the communities are faced with regional or areawide problems which require regional institutions for solution. Improved metropolitan planning, without some restructuring of local governments, will not make possible what needs to be done in communities. Burdens that have been thrust upon governmental structures during the past generation will seem minor in comparison to those in a generation or two. These strains will increasingly play a major role in making the political climate amenable to local governmental reorganization. Therefore, it becomes all the more necessary to develop a clear idea of the types of roles which the various levels of government should play and to propose guidelines for decisions that will undoubtedly be made in the next decade regarding the legal powers, jurisdiction, and activities of governmental and quasi-governmental jurisdictions.

This study does not support any specific approach to regionalization of functions, but rather suggests that a partnership among all levels of government is needed for the evolutionary development of popularly elected regional or middle level governmental entities which utilize existing institutions and precedents as the structural foundation. The magnitude of this public issue makes it one that cannot be resolved in a single study; rather it will require further examination and definition (see discussion of the executive order of the Governor establishing an OPPC study of this issue on pages 49 and 50).

Perhaps it is not irrelevant to assert, however, that only by achieving some measure of success in developing effective political institutions on a local level is the resistance, the indifference, and hostility to middle level government likely to be overcome.

What guidelines can the Department provide in terms of proposed future roles and responsibilities of the various levels of government?

GOVERNMENTAL ROLES

Federal Role

The role of the federal government in community and environmental development is necessarily a crucial one. It is the only level of government which possesses the fiscal resources to respond to the magnitude of needs identified. Secondly, it has the greatest potential for equitable redistribution of wealth from more affluent to less advantaged areas. Thirdly, the federal government possesses a wealth of technical expertise which must be effectively tapped by the state and municipalities. It is for these reasons that the federal government will continue to play a prominent institutional role in the area of community and environmental development.

The Department submits, however, that basic changes are necessary in the manner in which money is distributed to the state and local levels of government. The Commonwealth should urge the Federal government to:

- ... Decrease the use of categorical grants-in-aid. Experience has repeatedly demonstrated that categorical grants are not sufficiently flexible and, in fact, often induce dependency. By forcing states to utilize federal monies only in prescribed ways, "need" is artificially generated even if none previously existed. The best use of categorical type grants would be to selectively stimulate and support state efforts in certain areas which have not received adequate state attention. In this way, categorical grants will be used to underwrite innovative programs which encourage increasing state, regional, and local involvement.
- ... Make increasing use of block type grants to support state and local efforts in various broad functional areas. Unlike categorical assistance, block grants would allow states to apply grant

funds in an infinite number of ways, provided that it meets general functional guidelines. One option might be increasing federal use of block grants to states. Massachusetts has a long and successful history of providing categorical assistance to its municipalities. Receipt of federal block grants would allow this effort to be expanded, thus further encouraging state-local cooperation.

- ... Initiate a shift, in phases, of federal income tax revenue collection to the state, the amount to be determined by population and state tax effort. This revenue sharing effort would allow states to determine their own priorities and allocation of resources within areas such as housing, welfare assistance and other programs deemed to be of critical importance by the state.
- ... Improve the quality of coordination and delivery among federal agencies. It cannot be reasonably expected that a high level of coordination be effected at the state and local levels when the problem at the federal level is a serious one which exacerbates the issue at lower levels.

State Role

The state, set in proper relation to the federal and local levels of government, holds the key to success in dealing with community and environmental development programs. The sum of the state's constitutional and political powers within its boundaries and its constitutional and political role within the federal system as a whole places the state in a pivotal position. The state has a direct responsibility for assuring that its localities have available governmental funds and procedures adequate to meet their needs. In its position, the state further serves as a stimulator of local government activities including efforts toward regionalism and as a mediator between its local governments and Washington and, where necessary, between its local governments and other states. In short, the state has life-or-death legal authority over local governments. It determines the localities' powers, boundaries, and very existence. Recommendations for state action are described in detail in the concluding section of this study.

Regional Role

To date, the regional level has played a relatively minor role in performing the functions and responsibilities of government. Because of a number of historical factors, county government in Massachusetts never developed into a strong institution for regional problem solving. New regional bodies, on the other hand, have largely evolved as single function entities and similarly lack the authority or capacity for addressing the hose of areawide problems which are surfacing with increasing frequency. But the magnitude of these issues which require resolution by a middle tier of government will no longer allow this present condition to remain unchanged. The next several decades will demand the development of strong regional entities.

Recommendations regarding the form of the new regional entities will be submitted in a special report on county government and regionalization that is now being prepared under the direction of the Office of Planning and Program Coordination with major participation by the Department of Community Affairs and other state agencies. This special study was established by executive order of the Governor to report on or before June 1, 1971. A plan that includes restructuring of county government and other existing regional entities is anticipated. This may well result in the allocation of certain state administered responsibilities to local governments.

Whatever the scope of the proposed regional entity, it should be a popularly elected general purpose government equipped with the institutional tools to confront areawide problems successfully. Thus, it must have the legal authority, the institutional planning and delivery capacity, and the fiscal resources to undertake these tasks. Armed with a legal mandate, areawide jurisdiction, and adequate funds, the proposed regional entity will be able to perform a variety of functions which cannot be handled effectively by local governments. Problems which require an aggregation of area-wide resources, broad political jurisdiction, or economies of scale are best performed at this level.

If one point bears repetition, it is that the Department does not propose to arbitrarily strip local government of its authority or responsibility. Indeed, there are many problems which are most

logically addressed at a local level. Only the application of reasonable and consistent criteria will eventually determine the magnitude of the role which the proposed middle tier of government should play. If anything, a regional government should be perceived as a vehicle for assisting local governments in doing their jobs more effectively.

Local Role

Local government has long held an esteemed place in the Commonwealth and will continue to retain its position of importance. There are many functions which municipalities are best equipped to perform, functions which require an intimate knowledge of a community coupled with a high degree of political responsiveness. As has been noted, functions or responsibilities should not be assigned to local or regional levels in an arbitrary fashion; rather, they must be allocated to *the lowest level of government which possess the authority coupled with the institutional and fiscal capacity to perform the functions effectively*. In some cases, this will mean providing local government with the additional tools to do the job. In other cases, however, there must be the recognition that certain functions require an areawide jurisdiction, often because of the need for economies which can be achieved only through regionalization; in these cases, the regional entity should become the appropriate level for administering such functions.

Throughout this entire allocation process, the importance of citizen access and controllability must be stressed. If the efficiency achieved by allocating a responsibility to one level presents serious dangers to political responsiveness, i.e., the ability of constituents to influence the governmental structure, then it is likely that the function will be retained by the municipality. The legacy of popular democracy among local government in the Commonwealth will not be treated lightly in any process of this type. Any reallocation of functions should serve only to strengthen the local governmental ability to meet the needs of its citizens in the most optimal fashion.

*Guidelines for Allocating Responsibilities for
Functions Among Levels of Government*

What guidelines can be developed for moving in the proper direction? How can responsibilities for various functions best be allocated among governmental levels?

There is no single set of guidelines which can make such determination. Decision making in the public sector is never that simple. Nonetheless, there is an underlying principle which can be utilized for allocating proposed roles and responsibilities; the belief that responsibility for a given issue or provision of a particular service should be assumed by the *lowest level of government which possesses the authority coupled with the institutional and fiscal capacity*.

Again, this is not to argue that other factors, be they constitutional or political, are not significant; without question, they significantly affect, and in some cases, may decide an issue in question. These qualifying statements, however, do not undermine the essential validity of this statement as an overall rationale for the allocation of roles and responsibilities.

With these qualifications in mind, the following guidelines can be applied as a measure of where responsibility should be allocated.

In some cases, the application of the guidelines to a particular governmental level may result in a recommendation that the problem or issue be elevated to the appropriate level; in other cases, adequate authority might be devolved to a lower level. There is no ironclad rule about such situations. Instead, the emphasis is upon matching governmental capacity and the responsibilities with which it is faced; the manner of doing it remains flexible.

Economic Guidelines

... A governmental jurisdiction responsible for providing a service should be large enough to enable the benefits from that service to be consumed primarily within the same jurisdiction. In the case of education, for example, the fact that a person may be educated in one community (at considerable cost to that community) only to move and pay taxes to another community raises fundamental questions regarding the level of government

at which education should be financed.

- ... A unit of government should be large enough to permit economies of scale. While a pure efficiency argument might logically be extended to building a case for centralization of all services at the highest governmental level in order to achieve economies of scale, other factors such as institutional responsiveness weigh heavily in making such a determination. Nonetheless, it is apparent that the existing fragmentation of similar services is highly inefficient and merits close examination.
- ... A unit of government should have an adequate fiscal base to support the services which it performs. It is interesting to note that this criterion does not require that the jurisdiction necessarily collect the revenue; what it does demand, however, is the certainty that adequate funds, from whatever level of government, will be available to support the responsibilities and services in an adequate manner.

Political Guidelines

- ... The performance of functions by a unit of government should remain controllable by and accessible to its residents through elected officials. Equally important is the recognition that unless the governmental level possesses the capacity to successfully deal with an issue, the fact that it “remains controllable by and accessible to its residents” is an academic issue which invariably create a frustrated constituency. Thus, it can be argued that higher levels of government are sometimes more responsive because they possess the capacity to deal with issues. And to that extent, in reality, the higher level may demonstrate greater capacity for controllability and accessibility by constituents.
- ... A unit of government responsible for performing a function should have a geographic area of jurisdiction which is adequate for effective performance. Thus, there are certain issues, i.e., air and water pollution, to cite one example, which are difficult, if not impossible, to resolve by a jurisdiction unless the geographic area of the jurisdiction encompasses the area of the problem.
- ... A unit of government should have the legal and administrative ability to perform the services for which it is responsible.

... A unit of government performing a particular function must possess sufficient flexibility to respond promptly to changing demands or needs.

*Recommendations for the Development of an Effective
Process of Planning, Management, and Decision Making
at all Levels of Government*

Functional Plans: A prerequisite to the formulation of a state-wide community and environmental plan is the development of strong functional planning within all departments. Essentially, a functional plan is a subsystem of the larger comprehensive plan; it is the "building block" out of which the overall plan emerges. As such, the quality of functional plans developed by each department will largely determine the value of the comprehensive plan as a tool for statewide policy and decision making in community and environmental development.

To date, functional planning within state agencies has been relatively weak. With the advent of reorganization of state government, however, a unique opportunity has presented itself. The implementation of the Program Management System (PMS) provides a rational framework for future functional planning. By subjecting all activities within a secretariat to examination for consistency with overall functional goals, a two-fold process can be expected to take place. On the other hand, secretariat goals and objectives will be more clearly delineated through an analysis of the component activities. At the same time, activities which are not supportive of the articulated functional goals will be either modified or eliminated. As a result, PMS should create a more rational basis for future secretariat planning efforts. To support this functional planning emphasis, steps should be taken to create a strong centralized planning unit in each of the secretariats. This could take the form of either consolidating existing planning units in the various agencies composing the secretariat or creating a new unit to supervise and coordinate functional planning activities among the various component agencies. Whatever the case, each secretariat should establish a distinct planning unit charged with the responsibility of formulating functional goals together with a functional plan which is both coherent and supportive of the secretariat's mission.

Comprehensive Planning: The Office of Planning and Program Coordination is charged with implementing comprehensive planning for the Commonwealth. Comprehensive planning involves a process of management and decision making for the establishment and realization of policy goals and objectives. The fact that the Office of Planning and Program Coordination would be responsible for initiating and strengthening this process makes its role in community and environmental development a crucial one.

In order to improve the comprehensive planning process, a number of actions must be undertaken:

- ... Promotion by the Office of Planning and Program Coordination of the development of functional planning capacities among the newly established secretariats through the systematic provision of information and technical assistance, and the development of a rational framework for planning.
- ... Coordination of the functional planning efforts of the various secretariats by the Office of Planning and Program Coordination through a continuing series of discussions and meetings with related agencies, separately and in concert. Given the fact that state agencies have tended to plan independently, it is incumbent upon the Office of Planning and Program Coordination to initiate action towards complementary planning efforts that will culminate in a coherent comprehensive plan. Steps to accomplish this would include continuous provision of technical assistance, monitoring of secretariat progress in evolving a functional plan, and the mediation of jurisdictional disputes among secretariats planning in closely related areas. In addition, the Office of Planning and Program Coordination would review all functional planning to ensure consistency with overall Commonwealth policy.
- ... Aggregation and synthesis of the various functional plans into a statewide comprehensive plan for community and environmental development. It is recognized that the preceding steps may require two or more years for successful implementation, but they are essential prerequisites to the aggregation and synthesis process. Thus, the initial emphasis of the Office of Planning and Program Coordination in comprehensive planning will necessarily be towards orientation and training, i.e., developing the capacity of the various secretariats to undertake

functional planning. When successful, however, the product should be a number of coordinated functional plans which the Office of Planning and Program Coordination will then aggregate into a statewide comprehensive plan.

- ... Successive reviews of the evolving major elements of the statewide comprehensive plan by representatives of those cities, towns and regional agencies most affected, under the auspices of the Department of Community Affairs, with feedback of their requirements and comments to the drafters of these elements through the Office of Planning and Program Coordination.
- ... Continuous feedback by the Office of Planning and Program Coordination to all secretariats. While this process should be performed on a regular basis throughout the development of the functional plans, it is equally important that this feedback be utilized in order to revise and update these completed functional plans in light of changing policies and conditions. The Office of Planning and Program Coordination would provide on-going service to secretariats through the examination and analysis of significant changes and their subsequent dissemination to secretariats for functional planning purposes.

In order to accomplish the above, the Department recommends that the Office of Planning and Program Coordination be provided with the additional staff necessary to perform its proposed role in comprehensive statewide planning for community and environmental development. Unless there are adequate resources to underwrite this planning effort, it is doubtful that the outlined tasks can be performed properly. Lacking these resources, comprehensive and functional planning will remain a well-intentioned idea incapable of realization.

Standardized Data Collection: The state, through the Department of Community Affairs, should promote the development of uniform standards and measures for information and data collection to facilitate the analysis of local, regional, and statewide needs. In pursuit of this recommendation, the state, in consultation with regional agencies and municipalities, should develop a uniform set of meaningful measures and then provide the necessary technical assistance to communities for developing compatible systems. Until this system is operational, the various levels of government

will continue to suffer from an absence of uniform analytical measures necessary for the examination of problems that are often regional and statewide in scope.

Local Capital Improvement Program: Capital improvements represent an important ingredient to a comprehensive community and environmental development plan. In many respects, they form the necessary physical infra-structure upon which all other development efforts depend.

In order for the state to secure a better knowledge of overall development needs, this study recommends that all municipalities be required to prepare capital improvement programs, a minimum of every two years.

These local plans should be submitted to the regional planning agency for aggregation and submission to the Office of Planning and Program Coordination and the Department of Community Affairs. At present, there is no way in which the state can get a comprehensive view of the multitude of locally initiated and financed capital projects. Until this is done, the ability of secretariats to develop functional plans will be hampered. Without this knowledge, state functional planning will invariably produce duplication and overlap as well as a general lack of coordination and integration with local physical facilities planning. If state level planning is to become a viable framework for coherent and comprehensive development, it must account for local efforts. Only through systematic inputs such as the submission of biennial municipal capital improvement programs can this informational need be met.

Modernization of Local Government and Local Departments of Community Development: If local government has failed in the recent past to work as effectively as it might, much of the blame has to be laid on the outdated ways that it is organized. An elaborate system of municipal checks and balances, the legacy of an era of municipal abuse, severely restricts the capacity of local communities to modernize themselves to deal with new demands for services.

As a result, communities have been forced to create a proliferation of *ad hoc* branches responsible for new concerns. These branches, neither part of the government structure nor wholly independent of it, rarely coordinate in any substantial way with

older departments. The result is fragmentation and confused priorities. Development problems, for example, may involve a planning board, a zoning board of appeals, a housing authority, a public works department, and a conservation commission, none of which are obliged to work toward the same goals or share the same data. Given such disorganization, it is hardly surprising that most communities seem unable to produce strong leadership, clear priorities, or any coordination with neighboring communities in the area of community and environmental development. In many respects, this condition grew out of positive constituent concern for good government. The reform movement of the turn of the century played a significant role in assuring a system of checks and balances which would eliminate opportunities for governmental corruption which was then so prevalent. In pursuit of that objective, the reformers were successful but at the price of disjointed local government. The point has now arrived where the crises at hand demand a consolidation. The risk of public graft and the abuses of concentrations of power are minimal when compared to the governmental paralysis which is taking place in the face of the challenges.

Modernization at the local level is clearly long overdue. Just as state government found it had to consolidate its badly fragmented parts to operate effectively, so local governments need to begin a similar program. The goals should be greater coordination, more rational channels of planning, greater efficiency and flexibility, and easier coordination with the state structure. These goals could be achieved for most communities by creating functional departments more or less corresponding to the cabinet-level offices created by the state's modernization program. (It should be recognized, however, that no single modernization plan will be applicable to all communities, regardless of size or local conditions; rather, the state plan can best be taken as a guideline to be adapted locally.)

The basic purpose of a modernization program for local communities should be to create larger, functional groupings of agencies where they do not presently exist. Existing boards and commissions, both elected and appointed, should be integrated into the departmental framework; in fact, all the functions and services of most towns and cities could be consolidated into a functionally organized agency framework.

As a first step in achieving this goal the Department recommends that the state actively encourage all municipal governments to consolidate all planning and land development related activities into one department of community development, thus eliminating the myriad of boards, commissions and agencies which currently exist and often work at cross purposes. These departments should be vested with the authority and responsibility to establish community development goals and objectives, develop and implement community development strategies, and ensure maximum coordination of all related activities. At a minimum, the proposed department of community development should be composed of the local planning agency, housing and redevelopment authorities, building inspection, code enforcement, and capital improvements programming functions. Future options might include local industrial development and conservation agencies and other units of local government involved in land use activities.

Concentrated Urban Growth Enhancement Areas: The state, in concert with municipalities and regions, should establish concentrated urban growth enhancement areas in which municipalities within a region would agree to cooperate in areawide development in return for the coordinated deployment of state resources.

It is recognized that communities have not been able to achieve maximum program impact because of the disjointed fashion in which assistance is provided. Problems relating to information flow, availability of grant assistance, coordination, program delivery, and local technical capacity have plagued local efforts. While outside assistance has been rendered, these efforts continue to be dissipated by the absence of an integrated planning and delivery system. The Department recommends that the following steps be undertaken to demonstrate the value of coordinated delivery of state resources and effective cooperation between the state and local governments.

... Selection would take place in cooperation with municipalities and regions. Criteria to be used in the selection of each area should be (a) manageability: the area should be medium sized in population (less than 250,000); in addition, it should be geographically and economically distinct rather than inextricably bound to the fortunes of a larger metropolitan area outside the designated area, (b) local resources municipalities

within the area should possess the capacity and the willingness to cooperate with the state in a joint venture. Capacity should be assessed both in terms of the basic structure of a city or town and its ability to meet the economic and political guidelines spelled out on pages 76 through 79 for municipal functions within its area (c) prospective development: the area should be one of those in the Commonwealth that is faced with the need to coordinate rapid changes that are taking place due to either growth or decline of the local economy.

... Once areas are selected, relevant state agencies should be involved in the planning and delivery of services and technical assistance. All agencies would be expected to conduct an inventory of all their current project and program efforts in the urban growth enhancement area. A task force composed of representatives of the various agencies would examine these programs for purposes of effecting better coordination and maximum integration and impact of available state resources. OPPC would provide coordination at the state level by bringing together all agencies engaged in community and environmental development. The Department of Community Affairs would serve as an on-site liaison between the urban growth enhancement area and the various state agencies by convening meetings, promoting better coordination and monitoring the progress of agency affairs. The regional planning agency would serve as a planning and data resource, to be utilized by agencies for data and other information as well as a vehicle for undertaking selected analyses of areawide problems. By promoting close state-local working relationships it is expected that the flow of information, identification of potential resources, provision of service delivery systems, and inter-agency coordination will be significantly enhanced. The fact that this approach will deal with problems from a local rather than state perspective represents another major step forward; an important result of this should be an enhanced state understanding of local and regional problems.

Planning Requirements: In order to promote the development of strong planning capability at the local and regional level, a review of the planning requirements of all state aid programs should be made and appropriate steps taken to achieve consistency

and maximum coordination among state programs. Possible improvements to be considered are the adoption of a common planning methodology to be used in applying for all state aid programs, the establishment of check-off procedures on local applications by other state agencies with program responsibilities in related areas and by the regional planning agency (similar to the Federal clearinghouse procedures established by Bureau of the Budget memorandum No. A-95), and the use of a single comprehensive application for regional and local assistance programs and projects requiring assistance by more than one state agency. By promoting consistency of planning approach, the state should thereby enhance the capacity of regional and local governments to systematically analyze their problems and develop standardized approaches to their request for state-financed assistance. It is also expected that this would promote increased local planning capacity by allowing municipal government staff to utilize similar planning tools for all programs requiring state assistance and thereby promote more efficient use of local staff.

*The Promotion of Efforts by Cities and Towns to Join
Together to Solve Problems Regional in Scope*

Long term solutions to many needs of our communities cannot be developed until there are regional institutions equipped to meet these needs. The Department's study recognizes that unless improved planning is coupled with some changes in the basic structure of local government (legal powers, jurisdiction, and practices), it will not be possible to accomplish what needs to be done as a matter of public policy across the state. It also recognizes that changes of the scope that are required cannot take place overnight. What is needed first is a recognition of the necessity for regional structures to provide solutions to regional problems. Most importantly, regional government should not be viewed as a negation of home rule, but rather as an extension of the concept of home rule to a regional base. In order to provide for the development of these regional institutions, various actions will have to take place at all levels of government. The following represent actions which the state can take to assist in this evolutionary process: *Statewide Plan for Regionalization*: By the target date of June 1, 1971, the Office

of Planning and Program Coordination will complete the proposed strategy for reorganization of county governments, regional planning agencies, and related functions of other state and local entities in response to an executive order of the Governor. It is anticipated that this strategy will provide broad discretion to the people of each region to resolve by referendum the extent to which certain of the present functions of their local governments will be transferred to the responsible regional entity.

Uniform Administrative Districts: Strong efforts should be made to continue the work currently being carried out by the Office of Planning and Program Coordination in developing a unified system of state administrative districts. This will facilitate the decentralized delivery of state programs and services and also will provide support for the evolution of popularly elected regional governments. From time to time, these districts may have to be revised so that they correspond to natural regional service areas.

Review of State Programs: A review of all state aid programs should be undertaken to encourage more ventures in inter-local cooperation. Specifically, this review would give careful consideration to the development of various financial incentives (including graduated incentives) to induce contiguous communities to join together in addressing themselves to problems which are areawide in scope or needs which might be better met through a cooperative effort. To cite one example, the benefits of inter-local cooperation in refuse disposal in terms of economies in purchase of equipment and manpower resources has been well documented, at least for the Boston region. Similarly, communities joining together to attack problems of water pollution might be able to solve problems which one local jurisdiction of limited geographic area would be incapable of dealing with, given the fact that the source of much of the water pollution may be outside its boundaries.

Inter-local Cooperation Efforts: For the past several years, various legislators have filed bills which provide for an encourage cooperation between units of local government. The bills were modeled after legislation drafted by the Advisory Committee on Intergovernmental Relations in the early sixties and would, in enacted, have represented a clear statement of legislative intent for cities and towns to solve their service problems jointly or in concert. Each year the bill has failed to pass.

The Department recommends that existing provisions of Massachusetts law be expanded to accommodate these new contractual arrangements. In order to make section 4A of Chapter 40 operational and allow it to function to the advantage of the municipalities, language has been proposed which protects that party to the contract which has committed itself to future debt through the purchase of equipment or the acquisition of specialized skills it could otherwise not afford.

THE USE OF INCENTIVES, GUARANTEES, AND
REIMBURSEMENTS TO ENSURE THAT STATEWIDE
GROWTH PATTERNS REFLECT AN EQUITABLE
ALLOCATION OF AVAILABLE RESOURCES

Study Commission

The Department recommends the establishment of a Study Commission on Municipal Fiscal Capacity to:

- ... explore problems relative to municipal financing procedures in the Commonwealth and to recommend legislative action to relieve such problems.
- ... investigate whether the laws regulating financing of local capital expenditures and the existing statutory limits on borrowing are unnecessarily restrictive.
- ... investigate the possibility of equalizing the impact of debt service by techniques as, but not limited to, level debt service, "Ballooning," term bonds, and sinking funds.
- ... investigate the possibility of decreasing overall interest charges through the establishment of a Massachusetts Municipal Securities Bank with authority to purchase and consolidate individual municipal bonds and notes and re-offer them pledging the full faith and credit of the Commonwealth.
- ... examine the degree to which municipalities are inhibited in the provision of facilities and services by the legal distinction between cities and towns.
- ... examine the manner in which classification of municipalities are made, particularly the criteria used in the determination of what constitutes a city or town.

The proposed Study Commission should be created in undertake tasks identified in a manner that allows it to coordinate its efforts

effectively with reports related to regional government and taxation expected during the next legislative session.

Urban Renewal Program Payments: Since interest payments on bond issues represent a significant part of the budget outlay of most cities and towns, actions that decrease the amount of money spent on interest are essential. Presently, the state assists localities with their cash share of federally-aided urban renewal programs by paying one-half of that share in instalments over a twenty year period. This method of supporting the local urban renewal effort is somewhat counter-productive in that communities are forced to absorb the cost of additional interest payments. To eliminate this unnecessary expense, the Department recommends that the state instead issue progress payments to local communities upon receiving certification of payments of any portion of its cash share. Legislation authorizing this is appended to the study.

State Assistance for Local Cash Share: If the state is going to promote maximum local utilization of federal grant-in-aid programs, it must be prepared to provide financial assistance and incentives to municipalities. The amount of state participation, either 50, 70, or 90 percent of the local cash share, should be based upon the following criteria:

- ... the degree to which a municipality has contributed to the provision of low and moderate income housing for families and the elderly.
- ... the degree to which a municipality has helped to establish local manpower development programs.
- ... whether a municipality has participated in the Model Cities Program.
- ... any combination of the above criteria which shows an active attempt by said municipality to solve community and environmental problems.

*Upgrading of Staff Capability
at All Levels of Government*

One of the by-products of a municipal governmental system with 351 individual units is the extreme variation in administrative, supervisory and technical capability of local public service personnel. Key administrative positions in local government are often filled through the elective process, which, although democratic,

ensures neither the provision of qualified people nor the continuance of experienced and knowledgeable public servants. In addition, limited resources have made it difficult for small and medium-sized communities to attract and retain the personnel which are required to properly administer municipal governments.

Institutes: Upgrading the quality, improving the efficiency and elevating the status of existing public service personnel through a continuing series of institutes, operating through the state educational system, should be an immediate objective. There are at the present time several uncoordinated efforts in this field including those funded under Title I of the Education Act and Title VIII of the Housing Act. These efforts have been, for the most part, fairly well attended and have produced some definite benefits. They have not, however, reached the kind and number of people who are in most need of such instruction with relevant, highly structured and specialized course material. By redirecting efforts at training local officials through the existing state and community college system with new and expanding curricula, course credits, degrees and/or certificates of completion, attention will be focused upon these officials who are so important to the operation of local government. For several years the state of New Jersey has successfully conducted a series of courses for credit in all aspects of public administration with promotions and salary levels of certain classes of municipal officials being tied directly to this system. The Department of Community Affairs is reviewing this program and seeking the necessary financial support to begin an equivalent training program of its own.

Technical Assistance: Local governments, limited in personnel and resources, are often unable to keep abreast of contemporary methods of public administration and do not have the time, given the numerous pressures at the municipal level, either to develop innovative approaches or to investigate and research related efforts in other jurisdictions. Short-term technical assistance and information, provided by all state departments, would greatly increase the effectiveness and responsiveness of local governments and will substantially contribute to upgrading the capability of local public service personnel. The technical assistance to be provided, however, must be coordinated at the state level to avoid duplication of effort and to minimize differences and eliminate conflicts between

state agencies with related objectives.

The provision of this assistance probably would be best handled through the restructured regional governments, should such be created. In the interim, the staff complement of the existing Regional Planning Agencies should be increased through an increase in state subsidy until the time when full-time, trained specialists can be hired by state government and assigned to the new middle-tier government.

Paraprofessionals: The various solutions advanced to cope with the lack of qualified personnel have not adequately addressed the need for training and employment of local residents, specifically the low-income and unemployed, as paraprofessionals. Hopefully the increased activity in the entire field of community and environmental development will occasion an opportunity for involvement by local residents in the whole range of alternative employment possibilities which will develop. If, in fact, substantial progress is to be made in the creation of new and improved governmental institutions, it cannot be accomplished solely by professionals and specialists. The active and productive involvement of paraprofessionals with roles and responsibilities which reflect the opportunity for upward mobility will work at the grass roots of community and environmental development programs to establish an atmosphere of citizen participation and interest.

Personnel Exchange Programs: The Department recommends that exchanges of personnel among federal, state, regional, and local governmental units be initiated or accelerated in the future (limited exchange of state and local staff is already taking place). One of the serious problems of government lies in the limited understanding which personnel at one level may have of problems at another level. Enhancing this understanding should go a long way in developing a cadre of administrators at all levels who possess sensitivity and insight into the problem-perspective of their counterparts in other governmental units. In addition, there is the obvious benefit which would result from the addition, if only temporary, of individuals possessing skills which are absent at lower levels. The development of exchanges of staff for sufficient periods of time would prove to be an excellent opportunity for the "visiting" staff member to impart considerable knowledge and expertise to his hosts. If inter-governmental cooperation is to

become a working reality, it depends heavily upon the presence of good communication and staff capability among all parties. The Department submits that the development of these ingredients can be significantly promoted through such an exchange. Given the fact that there is a close correlation between fiscal difficulties and descending levels of government, it is recommended that in any such exchange, the cost be borne by the higher level of government involved.

APPENDIX A

The Commonwealth of Massachusetts

In the Year One Thousand Nine Hundred and Seventy-One.

AN ACT ESTABLISHING A STATE COMMUNITY DEVELOPMENT INCENTIVE PROGRAM.

Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:

1 Chapter 23B of the General Laws is hereby amended by
2 inserting after section 26, as added by chapter 761 of the acts
3 of 1968, the following new section: —

4 *Section 27.* Any municipality in the commonwealth may be
5 eligible for a direct grant of funds up to fifty, seventy, or
6 ninety percent of the local cash share of capital improvements
7 programs funded under federal grant-in-aid programs.

8 The department of community affairs shall be responsible
9 for establishing appropriate rules, regulations and guidelines for
10 the administration of said funds. Such guidelines shall include a
11 requirement that programs to be funded are consistent with the
12 comprehensive plan and capital improvements program for the
13 municipality where the said programs are to be implemented.
14 The department shall first determine whether the municipality
15 applying is eligible for a fifty percent grant under the said
16 guidelines, and shall then determine whether the said munici-
17 pality should be granted an additional twenty percent or an
18 additional forty percent based on a finding that the munici-
19 pality is or has actively contributed to the provision of low and
20 moderate income family and elderly housing, or has helped to
21 establish a manpower development program or has participated
22 in a model cities program or through any combination of the
23 above has displayed a more active interest in the solution of
24 urban problems.

25 The department may authorize a direct grant of funds up to
26 fifty, seventy, or ninety percent of the local cash share for
27 programs that have met the guidelines and criteria above and
28 have received certification that the program budget and grant
29 have been approved under a federal grant-in-aid program. The
30 department shall authorize the payment of funds from the
31 state urban incentive fund.

APPENDIX B

The Commonwealth of Massachusetts

In the Year One Thousand Nine Hundred and Seventy-One.

AN ACT REVISING THE PROCEDURE FOR PAYMENT OF URBAN RE-
NEWAL ASSISTANCE GRANT FUNDS TO LOCAL COMMUNITIES.

*Be it enacted by the Senate and House of Representatives in
General Court assembled, and by the authority of the same, as
follows:*

1 Section 55 of chapter 121B of the General Laws, as inserted
2 by chapter 751 of the acts of 1969, is hereby amended by
3 striking out the fourth paragraph and inserting in place thereof
4 the following new paragraph: —

5 (c) The total urban renewal assistance grant to be paid
6 under the provisions of this section shall be payable in annual
7 progress payments to be made to the local community upon
8 certification of payment by said community of any portion of
9 its local cash share.

APPENDIX C

The Commonwealth of Massachusetts

In the Year One Thousand Nine Hundred and Seventy-One.

AN ACT PROVIDING FOR BIENNIAL CAPITAL IMPROVEMENTS PROGRAMS BY MUNICIPALITIES.

Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:

1 SECTION 1. Section 81C of chapter 41 of the General
2 Laws, as most recently amended by chapter 83 of the acts of
3 1967, is hereby further amended by adding after the first
4 paragraph thereof, the following: —

5 The planning board in conjunction with the selectmen or the
6 mayor, or with such authorized representatives as the selectmen
7 or the mayor may direct, shall biennially prepare or cause to
8 be prepared a capital improvements program, the first of which
9 shall be submitted on or before January thirty-one, nineteen
10 hundred and seventy-one to the regional planning commission
11 of which the city or town is a member; or if such city or town
12 is not a member of any regional planning commission such city
13 or town shall transmit said capital improvements program prior
14 to March thirty-one of any year to the department of commu-
15 nity affairs. In towns without planning boards said capital
16 improvements program shall be prepared under the direction of
17 the board of survey if such board is in operation, otherwise
18 under the direction of the selectmen; and in the city of Boston
19 said program shall be prepared under the direction of the
20 Boston redevelopment authority.

21 Said capital improvements program shall include an orderly
22 five year schedule of the proposed expenditures for major
23 public improvements, a classification of such improvements by
24 priority, the amounts of federal or state financial assistance if
25 any, and the impact of such expenditures on local borrowing
26 and taxes.

1 SECTION 2. Chapter 40B of the General Laws is hereby
2 amended by inserting after section 6, as added by chapter 374
3 of the acts of 1955, the following new section: —

4 *Section 6A.* Such regional planning commission shall, upon
5 receipt of the capital improvements program submitted to it
6 pursuant to section eighty-one C of chapter forty-one of the
7 General Laws, aggregate the information in such programs for
8 submittal to the department of community affairs no later than
9 March thirty-one of each year. Such regional planning commis-
10 sion shall submit to the department of community affairs at
11 the same time a regional capital improvements program for
12 regional improvements not included in local capital improve-
13 ments programs. Such aggregation and regional capital improve-
14 ments programs shall be made according to rules and regula-
15 tions promulgated by the department of community affairs
16 pursuant to subsection (S) of section three of chapter twenty-
17 three B of the General Laws.

1 SECTION 3. Section 3 of chapter 23B of the General Laws,
2 added by chapter 761 of the acts of 1968, is hereby amended
3 by adding at the end of the first paragraph of subsection (S)
4 the following new paragraph: —

5 To assist in the fulfillment of duties prescribed in this
6 subsection the department of community affairs shall provide
7 forthwith upon enactment of this act, technical assistance in
8 the preparation of capital improvements programs by munici-
9 palities and regional planning commissions.

APPENDIX D

The Commonwealth of Massachusetts

In the Year One Thousand Nine Hundred and Seventy-One.

AN ACT TO ENCOURAGE LOCAL INTERGOVERNMENTAL COOPERATION.

Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:

1 Section 4A of chapter 40 of the General Laws, as most
2 recently amended by chapter 758 of the acts of 1969, is
3 hereby further amended by striking out the second sentence
4 and inserting in place thereof the following sentence: —

5 Said agreement may run for periods not to exceed ten years
6 unless otherwise hereinafter provided, and shall be terminated
7 only upon expiration of the full term of the agreement; pro-
8 vided however, that the agreement may be terminated at an
9 earlier date by mutual agreement of all the parties thereto and
10 in the manner aforesaid upon sixty days notice given in writing
11 by the party first desiring to so terminate.

APPENDIX E

The Commonwealth of Massachusetts

In the Year One Thousand Nine Hundred and Seventy-One.

RESOLVE TO PROVIDE FOR AN INVESTIGATION AND STUDY BY A
SPECIAL COMMISSION RELATIVE TO THE PROBLEMS OF MUNICI-
PAL FINANCING IN THE COMMONWEALTH.

1 *Resolved*, That a special commission consisting of three
2 members of the Senate, five members of the House of Repre-
3 sentatives, and seven persons to be appointed by the Governor,
4 one of whom shall be a mayor of a city, one a selectman, one
5 a municipal finance officer to explore the problems relative to
6 municipal financing procedures in the Commonwealth, and to
7 recommend legislative action to relieve such problems if said
8 special commission deems it necessary. The department of
9 corporations and taxation, community development and com-
10 munity affairs shall cooperate to the fullest extent with the
11 commission in preparation of the final report.

12 *Resolved*, That said special commission investigate whether
13 the laws regulating financing of local capital expenditures and
14 the existing statutory limits on borrowing are unnecessarily
15 restrictive.

16 *Resolved*, That said special commission investigate the pos-
17 sibility of equalizing the impact of debt service by techniques
18 such as but not limited to level debt service, ballooning, term
19 bonds, and sinking funds.

20 *Resolved*, That said special commission investigate the pos-
21 sibility of decreasing overall interest charges on municipal
22 bonds through the establishment of a Massachusetts Municipal
23 Securities Bank with authority to purchase and consolidate
24 individual municipal bonds and notes and re-offer them
25 pledging the full faith and credit of the Commonwealth.

26 *Resolved*, That said commission examine the degree to
27 which municipalities are inhibited in the provision of facilities
28 and services by the legal distinctions between cities and towns.

29 *Resolved*, That said commission examine the existing classifi-
30 cation system of municipalities, particularly the criteria utilized
31 in determining what constitutes a city or town.

32 *Resolved*, That said special commission report its findings
33 and recommendations to the great and General Court on or
34 before the last Wednesday in September, 1972.

